



Joint Legislative Audit Committee
Office of the Auditor General



FINANCIAL AUDIT REPORT
COMMISSION ON JUDICIAL PERFORMANCE
YEAR ENDED JUNE 30, 1978

The regulations of the Federal Office of Revenue Sharing require governments receiving revenue sharing funds to have audits of their financial statements not less than once every three years. This audit assists in fulfilling the audit requirements necessary to continue California's eligibility for federal revenue sharing funds.

Our examination was made in accordance with generally accepted auditing standards and included studying and evaluating the Department's system of internal control. This study and evaluation disclosed several conditions which we believe to be weaknesses and were considered in determining the nature, timing, and extent of our audit tests. Presentation of these conditions, however, does not modify our opinion on the financial statements.

**REPORT TO THE
CALIFORNIA LEGISLATURE**

REPORT OF THE
JOINT REVENUE SHARING TASK FORCE
TO THE
JOINT LEGISLATIVE AUDIT COMMITTEE
AND THE
DEPARTMENT OF FINANCE

033

FINANCIAL AUDIT REPORT
COMMISSION ON JUDICIAL PERFORMANCE
YEAR ENDED JUNE 30, 1978



California Legislature

Joint Legislative Audit Committee

GOVERNMENT CODE SECTION 10500 et al

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BRUCE NESTANDE

☐ STATE CAPITOL
SACRAMENTO 95814
(916) 323-1168

☐ 925 L STREET
SUITE 750
SACRAMENTO 95814
(916) 445-0255

RICHARD ROBINSON
CHAIRMAN

June 14, 1979

033

The Honorable Speaker of the Assembly
The Honorable President pro Tempore of the Senate
The Honorable Members of the Senate and the
Assembly of the Legislature of California

Members of the Legislature:

Your Joint Legislative Audit Committee respectfully submits the Auditor General's financial audit report of the Commission on Judicial Performance, Year Ended June 30, 1978.

The auditors are Robert L. Hamric, CPA; William L. Woodward, CPA; Sandra S. Bevers; and Thomas Dovi.

Respectfully submitted,

RICHARD ROBINSON
Assemblyman, 72nd District
Chairman, Joint Legislative
Audit Committee

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INTRODUCTION

In compliance with federal Office of Revenue Sharing regulations, we have conducted a financial audit of the Commission on Judicial Performance. This audit was conducted under the authority vested in the Auditor General by Section 10527 of the Government Code and in the Department of Finance by Section 13294 of the Government Code.

Article VI of the Constitution creates the Supreme Court of California and the Courts of Appeal to exercise the judicial power of the State at the appellate level, creates the Judicial Council of California to administer the state's judicial system and creates the Commission on Judicial Qualifications to consider complaints against judges.

On November 2, 1976, the voters approved a change in the State Constitution which expanded the authority of the Commission on Judicial Qualifications and renamed it the Commission on Judicial Performance.

The Commission on Judicial Performance consists of two judges of courts of appeal, two judges of superior courts and one judge of a municipal court, each appointed by the Supreme Court; two members of the State Bar, appointed by its governing body; and two citizens, appointed by the Governor and approved by the Senate.

The Commission on Judicial Performance receives, investigates, holds hearings on and makes recommendations to the Supreme Court on complaints relating to the qualifications, competency and conduct of the judiciary. It may also initiate such hearings as deemed necessary. It may recommend to the Supreme Court that a judge be retired for disability, censured or removed for any of the causes set forth in Section 18, Article VI of the State Constitution.

The programs of the Commission on Judicial Performance are supported wholly by the General Fund.

AUDITOR'S OPINION

To the Joint Legislative Audit Committee of the California Legislature
and the Department of Finance:

We have examined the combined balance sheet of the Commission on Judicial Performance as of June 30, 1978, and the related statement of revenues, expenditures and changes in operating clearing for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying financial statements present fairly the financial position of the Commission on Judicial Performance at June 30, 1978, and the results of its operations and the changes in financial position for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

The column amounts on the accompanying combined balance sheet captioned "Total - Memorandum Only" for June 30, 1978 are not necessary for a fair presentation of the financial statements, but are presented as additional analytical data and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole.

The column amounts on the accompanying combined balance sheet and statement of revenues, expenditures and changes in operating clearing for the year ended June 30, 1977, which are presented for comparative purposes only, were not audited by us and accordingly we do not express an opinion on them.

Revenue Sharing Task Force



Wesley E. Voss
Assistant Auditor General

Date: November 16, 1978

Staff: Robert Hamric, CPA
William Woodward, CPA
Sandra Bevers
Thomas Dovi

COMMISSION ON JUDICIAL PERFORMANCE

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS

JUNE 30, 1978
(With Unaudited Amounts for 1977)

	Governmental Fund		Account Group		TOTAL	
	General Fund		General	(Memorandum Only)	June 30, 1978	June 30, 1977
ASSETS			Fixed Assets			
Cash	\$ 902		\$ -		\$ 902	\$ 384
Equipment	-		1,369		1,369	958
TOTAL ASSETS	\$ 902		\$1,369		\$ 2,271	\$ 1,342
LIABILITIES, ENCUMBRANCES OUTSTANDING AND FUND EQUITY						
Liabilities:						
Accounts Payable (Note 2)	\$ 2,637		\$ -		\$ 2,637	\$ 8,893
Encumbrances Outstanding (Note 3)	1,674		-		1,674	2,473
Fund Equity:						
Investment in General Fixed Assets	-		1,369		1,369	958
Operating Clearing (Note 4)	(3,409)		-		(3,409)	(10,982)
TOTAL FUND EQUITY	(3,409)		1,369		(2,040)	(10,024)
TOTAL LIABILITIES, ENCUMBRANCES ENCUMBRANCES OUTSTANDING AND FUND EQUITY	\$ 902		\$1,369		\$ 2,271	\$ 1,342

The notes to the financial statements are an integral part of this statement.

COMMISSION ON JUDICIAL PERFORMANCE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN OPERATING CLEARING - BUDGET AND ACTUAL
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 1978
(With Unaudited Amounts for 1977)

	1978			1977
	<u>Budget As Adjusted</u>	<u>Actual</u>	<u>Over (Under) Budget</u>	<u>Actual</u>
<u>Sources of Financial Resources</u>				
Other Sources:				
General Fund Appropriations	\$97,252	\$103,253	\$ 6,001	\$ 112,858
Total Sources of Financial Resources	<u>\$97,252</u>	<u>103,253</u>	<u>\$ 6,001</u>	<u>112,858</u>
<u>Uses of Financial Resources</u>				
Expenditures:				
Current:				
Personal Services	\$75,852	75,852	\$ -	59,403
General Expense	7,493	7,493	-	18,367
Furniture and Files	1,090	1,090	-	2,035
Communications	2,116	2,116	-	1,872
Travel-in-State	3,028	3,028	-	5,979
Consultant and Professional Services	3,760	2,431	(1,329)	15,138
Facilities Expense	3,913	3,913	-	4,153
Prior Year:				
Prior Year Appropriation Adjustment (Note 6)	<u>-</u>	<u>(243)</u>	<u>(243)</u>	<u>14,284</u>
Total Uses of Financial Resources	<u>\$97,252</u>	<u>95,680</u>	<u>\$(1,572)</u>	<u>121,231</u>
Net Increase (Decrease) in Operating Clearing During the Year		7,573		(8,373)
Operating Clearing - July 1		<u>(10,982)</u>		<u>(2,609)</u>
Operating Clearing - June 30		<u>\$ (3,409)</u>		<u>\$ (10,982)</u>

The notes to the financial statements are an integral part of this statement.

COMMISSION ON JUDICIAL PERFORMANCE
ALL FUNDS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1978

1. Summary of Significant Accounting Policies

The preceding financial statements reflect the financial position and results of operations of the Commission on Judicial Performance. The accounts are maintained in the General Fund.

The accounting policies of the Commission on Judicial Performance conform to generally accepted accounting principles as contained in the State Administrative Manual.

General Fund

The Commission on Judicial Performance accounts for only its portion of the state's General Fund. The State Controller maintains central accounts for the General Fund and publishes annual consolidated General Fund statements.

Income

Throughout the fiscal year, income is accounted on a cash basis, except appropriation reimbursements which are recorded when billed. At June 30, the accounts are adjusted to a modified accrual basis. All earned but uncollected revenues and unbilled reimbursements are accrued, except revenue receivables estimated not to be collectible within one year which are fully reserved.

Expenditures

During the fiscal year, expenditures are accounted on a claims filed (with the State Controller) basis. Valid expenditure commitments are accrued at June 30.

Liabilities

Retirement Plan: Regular employees of the Commission on Judicial Performance are members of the Public Employees' Retirement System (PERS) which is a defined benefit, contributory retirement plan. The amount the agency and employees contribute to PERS is actuarially determined under a program in which contributions plus retirement system earnings provide the necessary funds to pay retirement costs accrued. Retirement contributions for the year included in the expenditures-personal services account were \$9,311.

Vacation and Sick Leave: The Commission does not record the costs of vacation and sick leave at the time the benefits are accumulated. At the time of usage, the expenditures-personal services account is charged.

General Fixed Assets

Purchases of equipment are recorded as expenditures in the year of acquisition. The aggregate cost, with the exception of certain nonexpendable equipment items not on the State Administrative

Manual equipment list, is capitalized and fully reserved on the balance sheet. Nonexpendable equipment, with a useful life of two years or more generally valued at \$150 or over is recorded at original cost or, if not available, at fair market value.

2. Accounts Payable

Accounts payable include all unpaid liabilities for goods and services received as of June 30. Accordingly, they also include liabilities for which disbursement requests were submitted to the State Controller by June 30, but which had not been paid as of that date.

3. Encumbrances Outstanding

Encumbrances outstanding include all valid commitments against budget appropriations for which no goods or services had been received by June 30.

4. Operating Clearing

This account is the connecting link between the Commission on Judicial Performance's portion of the General Fund and the central accounts of the General Fund maintained by the State Controller. The account balance at June 30 represents a clearing account between the Commission and the State Controller.

5. Prior Year Appropriation Adjustment

This account shows the difference between the net amount of expenditures, abatements and reimbursements accrued as of the previous June 30 and the actual amount of expenditures, abatements and reimbursements during the current fiscal year (including accruals) for appropriations no longer available for encumbrance.

COMMENTS AND RECOMMENDATIONS

Internal Accounting Control

The Judicial Council performed all of the administrative service functions of the Commission on Judicial Performance. These functions included accounting, purchasing, property control, personnel, payroll and budgeting. Our examination also included a study of the Judicial Council's system of internal accounting control. Our study and evaluation of the system of internal accounting control of the Judicial Council and the Commission on Judicial Performance disclosed the following conditions which should be brought to the attention of the Commission.

Agency Did Not File All Required Year-End Statements

Section 7960 of the State Administrative Manual lists the financial statements required to be filed by each state agency at year-end. The Commission did not file all of the required financial statements.

Recommendation: The Commission prepare the year-end financial statements listed in Section 7960 of the State Administrative Manual and file them with the appropriate agencies.

AUDIT ADJUSTMENTS

The aforementioned financial statements contain adjustments to the following accounts:

- Accounts payable
- Encumbrances outstanding
- Expenditures.

The adjustments were necessary to correct the Commission's accrual entries. The Commission concurred with the suggested journal entries and accordingly adjusted the financial records to reflect those adjustments.



JUDICIAL COUNCIL OF CALIFORNIA

RALPH J. GAMPPELL
DIRECTOR

RICHARD A. FRANK
DEPUTY DIRECTOR

ADMINISTRATIVE OFFICE OF THE COURTS
601 McALLISTER STREET, SAN FRANCISCO 94102 • (415) 557-3203
100 LIBRARY AND COURTS BUILDING, SACRAMENTO 95814 • (916) 445-7524

May 30, 1979

Mr. Robert L. Hamric, CPA
Audit Manager
Office of the Auditor General
Department of Finance
1025 P Street
Sacramento, California 95814

Dear Mr. Hamric:

In response to the Financial Audit Report of the Commission on Judicial Performance for the year ended June 30, 1978, the following comment is presented:

Page 10. The one recommendation made was that the Commission prepare the year-end financial statements listed in Section 7960 of the State Administrative Manual. A maximum of twenty-one year-end reports are required. Of these twenty-one reports, five are not applicable to the Commission, three were prepared and not filed, one is prepared at the request of the State Controller only, eight were filed, and three were not filed. As of the close of the 1978-79 fiscal year, all of the required financial reports will be filed with the appropriate agencies.

Sincerely,

Ralph J. Gampell, Director

A handwritten signature in cursive script, appearing to read "John Robbins".

By John Robbins
Special Assistant to the Director

JR:cs